

SUPPLEMENTAL ESTIMATE OF APPROPRIATION,
SALARIES AND EXPENSES, FEDERAL HOUSING AD-
MINISTRATION

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

SUPPLEMENTAL ESTIMATE OF APPROPRIATION FOR SALARIES
AND EXPENSES, FEDERAL HOUSING ADMINISTRATION, FOR
THE FISCAL YEAR 1939, AMOUNTING TO \$5,000,000

JANUARY 4, 1939.—Referred to the Committee on Appropriations and ordered to
be printed

THE WHITE HOUSE,
Washington, January 4, 1939.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I have the honor to transmit herewith for the consideration of Congress a supplemental estimate of appropriation for salaries and expenses, Federal Housing Administration, for the fiscal year 1939, amounting to \$5,000,000, such sum to consist of not to exceed \$2,750,000 from the mutual mortgage insurance fund and not to exceed \$2,250,000 of the funds of the Reconstruction Finance Corporation.

The details of the estimate, the necessity therefor, and the reason for its submission at this time are set forth in the letter of the Acting Director of the Bureau of the Budget, transmitted herewith, with whose comments and observations thereon I concur.

Respectfully,

FRANKLIN D. ROOSEVELT.

BUREAU OF THE BUDGET,
Washington, January 3, 1939.

THE PRESIDENT,
The White House.

SIR: I have the honor to submit herewith for your consideration a supplemental estimate of appropriation for the Federal Housing

Administration for the fiscal year 1939, amounting to \$5,000,000, as follows:

FEDERAL HOUSING ADMINISTRATION

Salaries and expenses, Federal Housing Administration.—In addition to the funds made available to the Federal Housing Administration for administrative expenses by the Independent Offices Appropriation Act, 1939, not to exceed \$2,750,000 of the mutual mortgage insurance fund and not to exceed \$2,250,000 of the funds advanced to the Administration by the Reconstruction Finance Corporation are hereby made available for administrative expenses of the Administration for the fiscal year 1939, including the same objects specified under this head in said act.

The estimate of appropriation for 1939 was submitted prior to the enactment of the National Housing Act amendments of 1938. These amendments resulted in a greatly increased volume of business and in some cases the handling of an entirely new type of business, with a consequent increase in administrative expenses. The principal amendments may be summarized as follows:

(a) The insurance of property improvement loans under title I which expired on April 1, 1937, was reenacted, effective February 3, 1938.

(b) Provision was made under section 203 for the insurance of mortgages under certain conditions up to 90 percent of the appraised value as compared with 80 percent under the old act. The premium rate on mortgages up to \$5,400 was reduced to one-fourth of 1 percent and it was provided that the premium rate of all mortgages should be based on the outstanding amount of the mortgage rather than on the original face amount as heretofore.

(c) The scope of rental housing activity was considerably broadened, and the insurance of construction loans was specifically authorized. Provision was made, for the first time, for the insurance, in amounts from \$16,000 to \$200,000, of mortgages on multifamily dwellings.

(d) The limitation of Government guarantee of debentures, to mortgages insured prior to July 1, 1939, was eliminated, thus placing the guarantee feature on a permanent basis and encouraging lending institutions to participate in the program.

(e) Provision was made for the organization of national mortgage associations, thus providing the necessary liquidity for insured mortgages.

The additional amount requested is necessary to enable the Administration to pay the administrative expenses to be incurred in the handling of all eligible applications for insurance that will be presented during the fiscal year 1939.

The supplemental estimate of appropriation submitted herewith is required to meet a contingency which has arisen since the transmission of the Budget for the fiscal year 1939 and its approval is recommended.

Very respectfully,

D. W. BELL,
Acting Director of the Bureau of the Budget.